

## Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 COME-00 EB-11 TRSE-00 SCEM-02 AEC-11

AID-20 IGA-02 OMB-01 XMB-07 FRB-02 SS-15 L-03 H-02

NSC-10 FPC-01 CIAE-00 INR-10 NSAE-00 RSC-01 CIEP-02

RSR-01 /127 W

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R 100901 Z APR 73

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 5908

INFO AMCONSUL ZAGREB

LIMITED OFFICIAL USE BELGRADE 1511

E. O. 11652: N/A

TAGS: ENRG, EMIN, YO, GW

SUBJECT: KRSKO NUCLEAR POWER PROJECT

REF: BELGRADE 1371

1. BUDIMIR KOSTIC, DEPUTY DIRECTOR GENERAL, PROGRES ENTERPRISE BELGRADE, WHICH REPRESENTS WESTINGHOUSE, TOLD EMBASSY OFFICER TODAY THAT FINAL DISCUSSIONS ON KRSKO NUCLEAR POWER STATION CONTRACT AWARD ARE TO BEGIN APRIL 11 IN SLOVENIA. THREE CONTENDERS -- WESTINGHOUSE, GE AND KRAFTWERKE UNION IN THAT ORDER- HAVE BEEN INVITED FOR SEPARATE FINAL DISCUSSIONS. FOLLOWING THESE DISCUSSIONS ON APRIL 18 EACH FIRM WILL SUBMIT PRICES. KOSTIC SAID THAT FINAL DECISION SHOULD BE MADE BY JUNE.

2. KOSTIC SAID HE WAS OPTIMISTIC ABOUT WESTINGHOUSE' S CHANCES. HE SAID THAT CERTAIN CHANGES IN THE COMPOSITION OF THE BOARD' WHICH WILL MAKE DECISION ON CONTRACT AWARD WILL WORK TO WESTINGHOUSE' S ADVANTAGE.

3. KOSTIC SAID THAT DECISION ON KRSKO WOULD BE INFLUENCED BY OUTCOME OF ANOTHER RELATED PROJECT - CONSTRUCTION OF TWO  
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100 MW, INTERIM, NATURAL GAS- FIRED POWER STATIONS FOR CROATIA AND SLOVENIA TO HELP FILL ENERGY REQUIREMENTS PRIOR TO COMING ON-STREAM OF KRSKO. OWING TO DELAYS AND POWER SHORTAGES, CROATIAN AND SLOVENIAN GOVERNMENTS PUSHING THIS CONCEPT BUT YUGEL ( ASSOCIATION OF YUGOSLAV POWER PRODUCERS) UNABLE TO SWING FINANCING ( PROJECT WILL COST ESTIMATED \$25-30 MILLION) WITHOUT SAME TERM LOAN AS THAT PROPOSED FOR KRSKO BY EXIM. KOSTIC FELT THAT FAVORABLE EXIM DECISION ON THIS POINT WOULD BE SUREFIRE WAY TO ENSURE WESTINGHOUSE GETS KRSKO AWARD. KOSTIC ADMITTED THAT GE, PLUS SOME EUROPEAN FIRMS ( SIEMENS AND OTHERS), ALSO INTERESTED.

4. EMBASSY OFFICER EXPRESSED SOME DOUBT THAT EXIM COULD, UNDER EXISTING CRITERIA, OFFER SAME TERM FOR LOAN AS FOR KRSKO, BUT AGREED TO BRING MATTER TO ATTENTION OF WASHINGTON. COMMENT: THIS IS THE FIRST TIME THAT EMBASSY HAS HEARD OF NATURAL GAS PROPOSAL, BUT MAY BE FEASIBLE UTILIZING SOME OF SUBSTANTIAL NATURAL GAS DEPOSITS IN SLAVONIA ( CROATIA) AND VOJVODINA.  
TOON

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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